

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI

UNCLAS STATE 245353

E.O. 11652: N/A

TAGS: APUB, TS

SUBJ: PRESS RELEASE ON EXIMBANK CREDIT TO REPUBLIC OF CHINA

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE
DIRECT CREDIT OF \$44 MILLION TO TAIWAN RAILWAY ADMINISTRATION
(TRA). RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON,
D.C. FOR A.M. PAPERS, TUESDAY, NOVEMBER 19, 1974.

QUOTE: EXIMBANK CREDIT OF \$44 MILLION SUPPORTS \$110 MILLION
SALE OF U.S. RAILWAY EQUIPMENT TO REPUBLIC OF CHINA

TO HELP FINANCE AN \$110 MILLION SALE OF U.S. RAILWAY EQUIPMENT
AND CONSTRUCTION SERVICES REQUIRED FOR ELECTRIFICATION OF THE
MAIN NORTH-SOUTH TRUKLINE IN REPUBLIC OF CHINA (TAIWAN),
THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED
STATES HAS AUTHORIZED A DIRECT CREDIT OF \$44 MILLION TO FIANCE
40 PERCENT OF THE TOTAL U.S. COSTS. A CREDIT OF \$44 MILLION
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FROM PRIVATE SOURCES CONSISTING OF BANK OF AMERICA, REPUBLIC

NATIONAL BANK OF DALLAS, AND MORGAN GUARANTY TRUST COMPANY, WILL COVER ANOTHER 40 PERCENT OF THE TOTAL U.S. COSTS, OF WHICH \$22 MILLION WILL BE COVERED BY EXIMBANK'S FINANCIAL GUARANTEE. THE OBLIGOR, TAIWAN RAILWAY ADMINISTRATION (TRA), WILL MAKE CASH PAYMENT OF THE BALANCE OF THE TOTAL U.S. COSTS OF 20 PERCENT OR \$22 MILLION.

THE PROJECT CONSISTS OF THE ENGINEERING, DESIGN, CONSTRUCTION AND EQUIPMENT FOR THE ELECTRIFICATION OF A SECTION OF RAILROAD ALONG THE WESTERN ROUTE RUNNING FROM KEELUNG AT THE NORTHERN PART OF THE ISLAND ALONG THE WESTERN COAST TO KAOHSIUNG A DISTANCE OF ABOUT 255 MILES. COMPLETION OF THE PROJECT IS ESTIMATED IN EARLY 1979.

THE GENERAL ELECTRIC COMPANY, FAIRFIELD, CONNECTICUT, IS EXPECTED TO SUPPLY 74 LOCOMOTIVES, SPARE PARTS, TOOLS, ENGINEERING SERVICES AND TECHNICAL ADVISORY SERVICES. MORRISON-KNUDSEN INTERNATIONAL COMPANY, BOISE, IDAHO, WILL BE THE PURCHASING AGENT FOR RAIL, RAIL ACCESSORIES AND TRACK MAINTENANCE EQUIPMENT, AND WILL PROVIDE CONSTRUCTION SERVICES.

ESTABLISHED IN 1948 AS AN AGENCY OF THE TAIWAN PROVINCIAL GOVERNMENT, TRA OPERATES THE COUNTRY'S TWO UNCONNECTED RAIL SYSTEMS.

THE LOANS ARE TO BE REPAID IN 24 SEMIANNUAL INSTALLMENTS BEGINNING JUNE 10, 1979. EXIMBANK'S CREDIT OF \$44 MILLION WILL BE REPAID OUT OF THE LAST 12 INSTALLMENTS AT AN INTEREST RATE OF 7 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT EXTENDED FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER, BASED ON CURRENT RATES, OF ABOUT 9.2 PERCENT TO 9.5 PERCENT PER ANNUM. REPAYMENT OF EXIMBANK'S LOAN IS TO BE GUARANTEED BY THE GOVERNMENT OF THE REPUBLIC OF CHINA. UNQUOTE INGERSOLL

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RELEASE ON THE
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